

Message Text

SECRET

PAGE 01 STATE 074345
ORIGIN ARA-14

INFO OCT-01 EUR-12 ISO-00 PM-05 SS-15 SP-02 NSCE-00
CIAE-00 INR-10 NSAE-00 INRE-00 DODE-00 ACDA-12
MCE-00 SSO-00 EB-08 COME-00 TRSE-00 H-01 XMB-02
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DRAFTED BY ARA/AND:CFULLER

APPROVED BY ARA:FMCNEIL

ARA/AND:MBARNEBEY

ARA/RPP:CFINAN

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EDR/CE-ELAUDERDALE

T:WMARSH (INFO)

-----093053 222348Z /15

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FM SECSTATE WASHDC

TO AMEMBASSY LIMA IMMEDIATE

INFO AMEMBASSY BONN

S E C R E T STATE 074345

E.O. 11652: GDS

TAGS: MASS, PE, GW, EFIN, EAID

SUBJECT: PERUVIAN PURCHASE OF WEST GERMAN SUBMARINES

REF: LIMA IR 6 876 0068 78; B) STATE 61223; C) LIMA
1872; D) LIMA IR 6 876 0067 78

1. APPRECIATE REPORT A AND DETAILS ON PROPOSED PERUVIAN
PURCHASE OF FOUR SUBMARINES FROM WEST GERMANY. SIMILAR
INFORMATION WAS GIVEN ARA/AND MARCH 14 BY PERUVIAN NAVAL
ATTACHE CALISTO. DATA WAS PROVIDED IN CONNECTION WITH
OUR EVALUATION OF MC CASE OF NEW TORPEDO FIRE CONTROL
SYSTEMS (TFSC) FROM SINGER/LIBRASCOPE DIVISION FOR OLD
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US-SUPPLIED SUBMARINES. LIKE EMBASSY CONTACTS, CALISTO
WAS UNABLE TO CLARIFY WHETHER GOP INTENDS TO CANCEL ANY
OF ORDER FOR NEW WEST GERMAN SUBS.

2. AS EMBASSY IS AWARE, ONE PROBLEM IN CLEARING MC CASE
IS DETERMINATION OF WHETHER TFCS CAN BE REGARDED AS
"OPERATIONS AND MAINTENANCE EQUIPMENT" WHICH GOP INDI-

CATED IN AUGUST 1977 IT WOULD CONTINUE BUYING DURING
REMAINDER OF MILITARY RULE, OR "NEW ARMS", WHICH GOP HAS
DECLARED IT WOULD NOT BE BUYING. THE LATTER DETERMI-
NATION WOULD LIKELY BE MADE IF PERU SHOULD PERSIST IN ITS
PLAN TO ACQUIRE NEW SUBMARINES, ACCORDING TO THE PRO-

DUCTION SCHEDULE REPORTED IN REF A. IF, ON THE OTHER
HAND, PERU SHOULD DECIDE TO CANCEL OR POSTPONE THE ORDER
FOR SOME OR ALL OF THE NEW SUBMARINES AND INSTEAD NOW
CONCENTRATE SIMPLY ON UPGRADING THE OLD SUBS, AN ARGUMENT
MIGHT BE ADVANCED THAT THE TFCS SHOULD BE LOOKED UPON AS
APPROVABLE O&M ITEMS.

3. WE DO NOT FEEL BOUND BY APPROVAL OF LICENSE TO SINGER
IN 1976 TO ATTEMPT TO SELL TFCS TO PERU. SINGER IS AWARE
THAT SUCH APPROVAL DID NOT CONSTITUTE COMMITMENT OF USG
TO APPROVE SUBSEQUENT APPLICATION FOR LICENSE TO EXPORT.
NOR DO WE FEEL OBLIGATED TO APPROVE TFCS NOW BECAUSE
OTHER MODERNIZATION EQUIPMENT FOR OLD SUBS HAD BEEN
APPROVED EARLIER. WE ARE, HOWEVER, PREPARED TO CONSIDER
APPROVAL OF TFCS IN THE CONTEXT OF ADJUSTMENT OF GOP'S
PLANS TO ENHANCE CAPABILITY OF ITS SUBMARINE FLEET,
CONSISTENT WITH THE DECLARED MORATORIUM ON NEW ARMS
PURCHASES AS WELL AS IN LIGHT OF CURRENT AUSTERITY
REGIME.

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4. SINCE WE HAVE BEEN UNABLE TO GAIN CLARIFICATION OF
PERU'S INTENTIONS CONCERNING NEW SUBS ON LOWER LEVEL,
AMBASSADOR IS REQUESTED TO RAISE MATTER AT APPROPRIATE
HIGHER LEVEL.

5. AMBASSADOR IS ASKED TO REPORT AS SOON AS POSSIBLE.
AS EMBASSY IS AWARE, SINGER HAS INVESTED CONSIDERABLE
TIME AND MONEY IN GETTING AN ORDER AND GEARING UP MANU-
FACTURING FOR TFCS FOR PERU, AND UNLESS APPROVAL OF
TRANSFER IS GRANTED IMMEDIATELY, MAY HAVE TO CLOSE DOWN
FACTORY. CONGRESSIONAL INTEREST IN A FAVORABLE DECISION
HAS ALSO BEEN EXPRESSED.

6. PER REF C (BEING REPEATED BONN), WOULD APPRECIATE ANY
INFORMATION EMBASSY OR DEFENSE ATTACHE MIGHT HAVE OR BE
ABLE TO DEVELOP ON PERUVIAN ORDER FOR SUBS FROM WEST
GERMANY, PARTICULARLY PRICE AND DATE, EXTENT AND TERMS OF
LOAN FROM FERROSTAAL. ANY INQUIRIES OF GERMANS SHOULD BE
MADE DISCREETLY IN SUCH A WAY AS TO AVOID INFERENCE U.S.
IS INTERESTED IN SALE FOR REASONS OTHER THAN ATTEMPTING
TO DEVELOP INFORMATION ABOUT THE CONTEXT OF A MUNITIONS
CONTROL REQUEST TO U.S. VANCE

SECRET

NNN

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